
STATE OF INDIANA

DISTRESSED UNIT APPEAL BOARD



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School Corporation Fiscal and Qualitative Indicators Committee Meeting Memorandum

July 12, 2018

Call to Order: A meeting of the School Corporation Fiscal and Qualitative Indicators Committee ("Committee") was held on July 12, 2018, at 2:00 p.m. EDT at One North Capitol Avenue, Suite 900, Large Conference Room, Indianapolis, Indiana. Members of the Committee attending the meeting included Courtney Schaafsma (Chair), Melissa Ambre, Matt Parkinson, Neil Broshears, Chase Lenon, Josh Martin and David Holt.

Ms. Schaafsma called the meeting to order and recognized compliance with the Open Door Law. The first agenda item was the approval of minutes from the June 28, 2018 meeting. Ms. Ambre made a motion to approve the minutes and Mr. Martin seconded. The Committee voted 7-0 in favor of the motion.

The Committee then received public comment from interest parties. Dr. Michele Moore, Superintendent at MSD of Martinsville, and Mr. Bob Schultz, Assistant Superintendent of Marion Community Schools, provided comments to the Committee. Dr. Moore indicated that school corporations of different sizes may have differing capabilities and options in terms of financial management. She also noted that school corporations may have specific policies that explain their financial transactions. She highlighted three areas that may indicate financial distress: declining enrollment, increasing free or reduced lunch rate, and aging or poorly maintained buildings. She indicated positive indicators included increasing enrollment, the presence of capital maintenance schedules, deficit as percent of fund balance and deficit. Dr. Moore indicated problematic indicators may be declining fund balances, interfund transfers, and salaries and benefits. Mr. Schultz explained that fiscal indicators can look differently based on a school corporation's unique situation. School corporations could make specific decisions that drive how they handle their finances to support and/or attract students.

Ms. Schaafsma provided the Committee with an update on a presentation given to the State Board of Education. At Mr. Holt's request, she also provided some thoughts on lessons learned through the emergency management of Gary Community School Corporation and Muncie Community Schools.

The Committee then discussed potential fiscal indicators that could be used to evaluate a school corporation's financial status. Indicators discussed included:

- Tuition support
- Tuition support per Average Daily Membership (ADM), with focus on complexity
- Student demographics
- Enrollment
- Property tax revenue, including percent of property tax levy collected

- Referendum revenue as percent of gross revenues
- Operating referendum nearing completion
- Federal revenues as percent of total revenue
- Substantial budget cut at the federal level
- State and local revenue streams per ADM
- Total revenue per ADM
- State/local revenue per ADM
- Federal grant fund balances
- Overdrawn funds
- General Fund balance
- Curriculum/materials and school lunch fund balances
- Overall fund balance
- Budgeted operating balance
- Health care expenses
- Salaries and benefits as percent of total expenditures
- Employees per ADM, broken out by classified, certified and administrative positions, while factoring complexity issues
- Operating deficit or surplus
- General Fund revenue per ADM
- General Fund expenditures per ADM
- Salary increases
- Capital expenses
- Gross expenditures per ADM, for property tax-levied funds
- Deficit fund balances as percent of total fund balance
- Building capacity and utilization
- Trends over time
- Projections, factoring in collective bargaining agreement promises

New business: None.

Adjournment: Ms. Schaafsma adjourned the meeting at 3:23 p.m.